

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: : **Chapter 11**
:
SEARS HOLDINGS CORPORATION, et al., : **Case No. 18-23538 (RDD)**
:
Debtors.¹ : **(Jointly Administered)**
:

**SECOND SUPPLEMENTAL DECLARATION OF
PAUL M. BASTA IN SUPPORT OF DEBTORS' APPLICATION
FOR AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF
PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP AS ATTORNEYS
FOR THE DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

PAUL M. BASTA makes this supplemental declaration under 28 U.S.C. § 1746:

1. I am a partner in the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP (“Paul, Weiss” or the “Firm”), an international law firm with its principal offices at 1285 Avenue of the Americas, New York, New York 10019. I am a lead attorney from Paul, Weiss working on the above-captioned chapter 11 cases. I am a member in good standing of the Bar of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

the State of New York and I have been admitted to practice in the United States District Court for the Southern District of New York.

2. On November 16, 2018, the Court entered the *Modified Order Granting Application Authorizing the Retention and Employment of Paul, Weiss, Rifkind, Wharton & Garrison LLP as Attorneys for the Debtors and Debtors in Possession Nunc Pro Tunc to the Petition Date* [ECF No. 774], granting Paul, Weiss's application for an order authorizing the retention and employment of Paul, Weiss as counsel to the Debtors [ECF No. 417] (the “Retention Application”).²

3. I submit this second supplemental declaration (this “Declaration”) in connection with Paul, Weiss’s retention as counsel to the Debtors, to supplement the disclosures in my prior declaration, submitted on November 1, 2018 (the “Initial Declaration”). Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein.

4. The purpose of this Declaration is to provide additional disclosures regarding work performed for certain potential parties in interest (including entities that are or were investors in Seritage Growth Properties (“Seritage”), or are or were potential stakeholders of Seritage or the Debtors) that were not identified at the time of the Initial Declaration.

Additional Disclosures

5. Since filing the Initial Declaration, and in connection with this Declaration, Paul, Weiss has continued to search its client database to determine whether it has any relationships with actual or potential parties in interest in these Chapter 11 Cases. Paul, Weiss discloses herein connections with entities that are or were investors in Seritage or are or were potential stakeholders of Seritage or the Debtors. After conducting a review of publicly available information related to

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Retention Application.

Seritage and of Paul, Weiss's client database, I have determined that, in addition to the parties disclosed in the Initial Declaration, Paul, Weiss presently represents or may have represented in the past the following entities (or affiliates of such entities), that are or were investors in Seritage, or are or were potential stakeholders of Seritage or the Debtors, and were not identified at the time of the Initial Declaration, in matters unrelated to these Chapter 11 Cases.

Searched Entity	Relationship to Paul, Weiss³
AllianceBernstein	Current client
Arrowmark Colorado Holdings	Current client
Bank of Montreal	Current client
BlackRock	Current client
BNP Paribas	Current client
Brown Brothers	Current client
Citadel	Current client
Amundi Pioneer Asset Management	Affiliate of current client
Credit Suisse	Current client
D.E. Shaw	Current client
TCW Group	Affiliate of current client
EMS Capital LP	Current client
Governors Lane	Current client
Great West Life Assurance Co	Current client
H/2 Capital Partners	Current client
Hotschkis & Wiley	Current client
King Street Capital Management	Current client
Invesco	Current client
Millennium Management	Current client
Mitsubishi UFJ	Current client
Sumitomo Mitsui Trust Holdings	Affiliate of current client
Owl Creek Asset Management	Current client
Nomura Asset Management	Current client
QS Investors	Current client
Carillon Tower Advisers	Affiliate of current client

³ As referenced herein, the term "current client" means an entity listed as a client, or related to a client, in the Paul, Weiss conflicts search system where that matter was reported as open. The term "former client" means any entity listed as a client, or related to a client, in the Paul, Weiss conflicts search system where the matter was reported as closed within the last two years. Whether an actual client relationship exists can only be determined by reference to the documents governing Paul, Weiss's representation rather than its listing in Paul, Weiss's conflicts search system. The disclosure schedule herein, generated by the conflicts search system, is over-inclusive for disclosure purposes.

Searched Entity	Relationship to Paul, Weiss³
Royal Bank of Canada	Current client
Schroder Investment Management	Current client
SG Americas Securities	Affiliate of current client
State Teachers Retirement System of Ohio	Current client
The Province of Alberta	Current client
Vanguard Group Inc.	Affiliate of current client
Voya Investment Management	Current client
Ameritas Life Insurance	Affiliate of former client
Balyasny Asset Management LLC	Former client
Eaton Vance	Former client
Edgepoint Wealth Management	Former client
Indexiq Advisors	Former client
Manufacturers Life Insurance Company	Affiliate of former client
Northern Trust	Former client
Tiger Global Management	Affiliate of current client
T. Rowe Price Associates	Affiliate of former client

6. Prior to the Petition Date, Paul, Weiss represented multiple financial institutions in connection with general reviews of the Debtors' and Seritage's capital structure and debt documents, and in connection with potential investments in or related to the Debtors and/or Seritage. Each of these representations terminated prior to Paul, Weiss's representation of the Debtors and Paul, Weiss does not and will not represent any of these, or any other, institutions in matters relating to the Chapter 11 Cases.

7. To the best of my knowledge, Paul, Weiss does not hold or represent an interest adverse to the Debtors' estates as a result of its representation of any of these parties, including in ongoing matters that are unrelated to these Chapter 11 Cases. Paul, Weiss does not represent, and will not represent any entities listed above in matters directly related to the Debtors or these Chapter 11 Cases.

Paul, Weiss's Disinterestedness

8. To the best of my knowledge and as stated in the Initial Declaration, (a) Paul, Weiss is "disinterested" as that term is defined in section 101(14) of the Bankruptcy Code and does not hold or represent an interest adverse to the Debtors' estates pursuant to section 327(a) of the Bankruptcy Code, as clarified by section 1107(b), and (b) neither Paul, Weiss nor any of the partners, counsel, associates and paralegals of Paul, Weiss have any connection with or any interest adverse to any of the Debtors, their affiliates, their creditors or any other parties in interest, or their respective attorneys and accountants, except as may be disclosed herein or in the Initial Declaration. If any new relevant facts or relationships are discovered, Paul, Weiss will promptly file a supplemental declaration setting forth appropriate disclosure, as required by Bankruptcy Rule 2014(a).

9. For the reasons set forth above and in the Retention Application and the Initial Declaration, Paul, Weiss's continued employment is necessary and in the best interests of the Debtors and their estates and comports with the requirements of section 327(a) of the Bankruptcy Code.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: December 21, 2018

/s/ *Paul M. Basta*

Paul M. Basta
Partner
Paul, Weiss, Rifkind, Wharton & Garrison LLP